

**CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION
SMALL BUSINESS PROGRAM (SBP)**

Meeting Date: May 22, 2007

Request Approval for Tax-Exempt Bond Allocation from the SBP

Prepared by: *Doreen Carle*

Issuer: Industrial Development Authority of Alameda County	Amount Requested: \$3,650,000
Borrower: PS Print, LLC and its successors and assigns	Application No.: 07-0008
User: PS Print, LLC and its successors and assigns	IR & FR No.: 07-0008
Location: Oakland (Alameda County), California	SBP Allocation No.: 07-0008A

Borrower/User/Background: PS Print, LLC, and its respective successors and assigns (the “Company” or “PS Print”) was incorporated in Delaware on April 21, 2003. The Company produces online color printing products and provides printing services that include offset and digital printing. The Company’s products include brochures, business cards, catalogs, and newsletters. Customers of the Company include graphic designers, marketers, corporations, and individuals.

Current Request: At the April 24, 2007 Board Meeting, Initial and Final Resolution number 07-0008 for \$3,650,000 was approved. The resolution transferring a portion of the 2007 state ceiling on qualified private activity bonds for a small-issue industrial development project under the Small Business Program was inadvertently omitted from the Board packages. This omission requires that staff seek Commission approval of the allocation from the Small Business Program. The resolution requesting this transfer is attached. The Project remains the same as presented at the April 24, 2007 CIDFAC meeting. For information about the Project or the Borrower, please see the attached staff report (Attachment B) that was presented at the April 24, 2007 meeting.

In addition, the finance team has requested that staff remove reference to an underwriter for this transaction. The transaction remains a private placement with People’s Capital and Leasing Corp.

Recommendation: Staff recommends approval of the Resolution transferring a portion of the State’s 2007 qualified private activity bond allocation for small-issue industrial development projects under the Small Business Program for an amount not to exceed \$3,650,000 to PS Print, LLC and its successors and assigns. This transfer of allocation is subject to staff’s analysis and approval of final bond documents, including bond counsel’s opinion, as set forth in Initial and Final Resolution No. 07-0008.

**THE CALIFORNIA INDUSTRIAL DEVELOPMENT
FINANCING ADVISORY COMMISSION**

RESOLUTION NO. 07-0008A

**RESOLUTION TRANSFERRING A PORTION OF THE 2007 STATE CEILING
ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A
SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT
UNDER THE SMALL BUSINESS PROGRAM**

WHEREAS, the California Debt Limit Allocation Committee (“CDLAC”) has awarded \$8,000,000 of allocation to the California Industrial Development Financing Advisory Commission (the “Commission”) for the Small Business Program; and

WHEREAS, the Commission has the authority to transfer a portion of its allocation to local and State issuers; and

WHEREAS, the Commission has received an application (“Application”) from the Industrial Development Authority of Alameda County (“Applicant”) for the transfer to the Applicant of a portion of the 2007 State Ceiling on Qualified Private Activity Bonds (the “State Ceiling”) under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations (“Bonds”) for a project as specifically described in Exhibit A (“Project”) (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Procedures of the Commission Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds (the “Commission’s Procedures”)); and

WHEREAS, the Project Sponsor (as defined in Exhibit A) has represented certain facts and information concerning the Project in the Application, which the Applicant has confirmed; and

WHEREAS, in evaluating the Project and allocating a portion of the State Ceiling to the Applicant for the benefit of the Project, the Commission has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is appropriate for the Commission to make a transfer of a portion of the State Ceiling (“Allocation”) in order to benefit the Project described in the Application;

NOW, THEREFORE, the California Industrial Development Financing Advisory Commission resolves as follows:

Section 1. There is hereby transferred to the Applicant an amount of the State Ceiling equal to \$3,650,000. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated as though fully set forth herein (this resolution, together with Exhibit A, hereinafter referred to as the “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor, the Applicant and their respective successors and assigns will be bound by such terms and conditions.

Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Commission’s Procedures, shall require reconsideration by the Commission before the Allocation may be used for the Project. Once the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. The Commission may consent to

changes in the terms and conditions set forth in this Resolution in the event the Commission is advised of changes in the Project as circumstances may dictate.

Section 4. Any material changes in the structure of the credit enhancement prior to the issuance of the Bonds and not previously approved by the Commission shall require approval of the Commission Chair or the Executive Director.

Section 5. The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than this Commission.

Section 6. The Allocation transferred herein shall automatically revert to this Commission unless the Applicant has issued Bonds for the Project by the close of business within 90 days of the award of the allocation. In the case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

Section 7. Within twenty-four (24) hours of using the Allocation to issue the Bonds, the Applicant shall notify the Commission's staff and CDLAC's staff in writing (which may be by electronic or facsimile communication) that the Allocation has been used. Each notification to the Commission and to CDLAC shall identify the Applicant, the project or program, the date the Allocation was used, and the amount of the Allocation used.

Section 8. Within fifteen (15) calendar days of the issuance of the Bond, the Applicant or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by CDLAC.

Section 9. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Commission. If at any time prior to the expiration date set forth in Section 6 hereof the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date, the Applicant shall take prompt action by resolution of its governing board or by action of its authorized officer to return such unused Allocation to the Commission.

Section 10. The staff of the Commission is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds. The Commission staff is further directed to retain a copy of this Resolution in the files of the Commission (or any successor thereto) for the same period of time.

Section 11. In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Commission is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 12. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution when reasonably requested by the Commission.

Section 13. This Resolution shall take effect immediately upon its adoption.

EXHIBIT A

**RESOLUTION NO: 07-0008A
(A SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT
UNDER THE SMALL BUSINESS PROGRAM)**

1. Applicant: Industrial Development Authority of Alameda County
2. Application No.: 07-0008
3. Project Sponsor: PS Print, LLC
4. Project User: PS Print, LLC
5. Project Name: PS Print, LLC
6. Address: 2861 Mandela Parkway
Location: Oakland, CA 94608
County: Alameda
7. Amount of Allocation: \$3,650,000
8. The Project Sponsor has represented that it reasonably expects the User will use its best efforts to achieve within two years of the completion of the Project the following:
 - participation in the Welfare-to-Work Plan with the Alameda County Social Services Agency;
 - retention of 112 current positions and the creation of 50 additional direct fulltime jobs, which includes 26 management positions and 24 skilled/semiskilled positions.

ATTACHMENT A

Small Business Program Allocation Summary Calendar Year 2007

CIDFAC approval is contingent upon receiving allocation from CDLAC to provide financing under CIDFAC's Small Business Program (SBP). The issuance of tax-exempt bonds under SBP requires the following:

CIEDB* Transactions

1. CIEDB approves inducement resolution.
2. CIDFAC approves tax-exempt allocation.
3. CIEDB approves final resolution.
4. CIEDB issues bonds.

CIDFAC Transactions

1. Local issuer approves an inducement resolution.
2. CIDFAC approves initial/final resolution.
3. CIDFAC approves tax-exempt allocation.
4. CIDFAC issues a Final Issuance Certificate.
5. Local issuer issues bonds.

The following summarizes the use of the 2007 Allocation to the SBP to-date and includes the proposed Project on the current May 22, 2007 agenda:

SBP Allocation	\$8,000,000
CIDFAC Allocation	(\$6,275,000)
CIEDB* Allocation	<u>\$0</u>
Remaining Allocation	\$1,725,000

* California Infrastructure and Economic Development Bank

ATTACHMENT B

CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION
SMALL BUSINESS PROGRAM (SBP)

Meeting Date: April 24, 2007

Request for Initial and Final Resolution and Tax-Exempt Bond Allocation Approval

Prepared by: *Doreen Carle*

Issuer:	Industrial Development Authority of Alameda County	Amount Requested:	\$3,650,000 (TE)
Borrower:	PS Print, LLC and its successors and assigns	Application No.:	07-0008
User:	PS Print, LLC and its successors and assigns	IR & FR No.:	07-0008
Location:	Oakland (Alameda County), California	SBP Allocation No.:	07-0008A

Borrower/User/Background: PS Print, LLC, and its respective successors and assigns (the “Company” or “PS Print”) was incorporated in Delaware on April 21, 2003. The Company produces online color printing products and provides printing services that include offset and digital printing. The Company’s products include brochures, business cards, catalogs, and newsletters. Customers of the Company include graphic designers, marketers, corporations, and individuals.

Project Information: Bond proceeds will be used to acquire and install new printing equipment that will support the Company’s projected growth over the next one to two years. The Company currently leases 30,000 sq. ft. of a 130,000 sq. ft. building in Oakland, California. In the leased space of that building, 20,000 sq. ft. is used for production and 10,000 sq. ft. is office space. The Company will lease an additional 30,000 sq. ft. in the building within the next six months, which will be used to house the new printing equipment.

Anticipated Timeline: The Company began purchasing the equipment in March 2007 and anticipates completion in June 2007.

Prior Actions/Financing: None.

Statutory Criteria: 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification. The points noted below have been awarded based on evaluation consistent with CDLAC guidelines. However, CDLAC does not require the evaluation of points for all statutory criteria (Attachment A).

- 1) **PUBLIC BENEFITS:** The staff assigned a total of 53 verifiable points to the Project, which are detailed below:

Community Economic Need (13 points):

Unemployment Rate of Project Area (3 points): The unemployment rate for the Project area is 7.9%, while the statewide average unemployment rate in California is 4.9%. Therefore, the unemployment rate for the Project area is 161% of the statewide rate.

Poverty Rate of Project Area (5 points): The poverty rate for the Project area is 16.9%, which is 159% of the statewide average of 10.6%.

Median Family Income (5 points): The Project is located in Oakland, where the median family income is \$40,055. Given that the median family income for the State of California is \$53,025, the median family income for the Project area is 76% of the statewide average.

Special Designation Area (5 points): The Project is located within the boundaries of the Oakland Enterprise Zone.

Employment Benefits (Job Creation/Retention 15 points): The Company currently employs 112 direct, full-time employees. The Company will retain its current workforce and anticipates creating an additional 50 positions, which will include 26 management positions and 24 skilled/semi-skilled positions, within two years of completion of the Project. The retention of current employees and creation of additional jobs translates into a ratio of one job for every \$22,531 in bond proceeds.

Welfare-to-Work Plan (5 points): The Company provided a letter from the Alameda County Social Services Agency, which verifies its participation in the CalWorks Welfare-to-Work program. Alameda County's Welfare-to-Work program will assist the Company with filling the 24 skilled/semi-skilled positions (Attachment B).

Health Care Benefits (5 points): The Company provided verification of its contribution to the medical insurance coverage for 102 of its 112 employees and their families. The Company's current contribution is \$353 per month for each participating employee. Health care benefits are offered to all full-time employees, however currently 10 employees elect not to participate.

Average Hourly Wage (5 points): The Company's average hourly wage is \$31.00, while the Metropolitan Statistical Average (MSA) for Oakland has an average manufacturing hourly wage of \$18.45. Therefore, the Company's average hourly wage is 168% of the MSA average manufacturing wage for Oakland.

Land Use/Energy Efficiency (5 points): The Project is located within ¼ mile of the Alameda County Transit bus line, which provides services throughout Alameda County and connects to Bay Area Rapid Transit (BART) and the Altamont Commuter Express (ACE) train system.

- 2) **RELOCATION OF COMPANY OPERATIONS (No point evaluation required):**
The Company will remain at its current location.
- 3) **QUALIFICATION OF BOND ISSUANCE (No point evaluation required):** Based upon the proposed financial structure and based upon the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just, and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior to the issuance of bonds.

Status of Permit/Other Required Approvals:

- The Industrial Development Authority of Alameda County approved the Inducement Resolution in an aggregate amount not to exceed \$4,000,000 for the Project on February 27, 2007. The Project street name was listed incorrectly on the resolution, therefore the Project was induced again on April 10, 2007.
- The Borrower submitted a verification of zoning and local approvals from the City of Oakland.
- A TEFRA hearing was held by the County of Alameda on April 10, 2007, and no comments in support of or in opposition to the Project were received.

Financing Details: The tax-exempt Industrial Revenue Bonds will be issued on a private placement basis with People's Capital and Leasing Corp. The bonds will be fixed rate, repayable over a 10 year period and secured by the equipment purchased by the bond proceeds.

Financing team:

Issuer: Industrial Development Authority of Alameda County
Bond Counsel: Lofton & Jennings
Underwriter: E. J. De La Rosa & Company, Inc.
Financial Advisor: Progressive Capital

Legal Questionnaire: The Staff has reviewed the Company's responses to the questions contained in the legal status portion of the application. There was no information disclosed that raises questions concerning the financial viability or legal integrity of the applicants.

Recommendation: Staff recommends approval of Initial and Final Resolution Nos. 07-0008 in an amount not to exceed \$3,650,000 in tax-exempt bonds for PS Print, LLC and its successors and assigns, which is subject to staff analysis and approval of final bond documents, including receipt of bond counsel opinions, as set forth in the Initial and Final Resolution.

**INITIAL AND FINAL RESOLUTION
OF THE
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING
ADVISORY COMMISSION (CIDFAC)
IR/FR # 07-0008**

WHEREAS, the Industrial Development Authority of Alameda County (the Issuer) has reviewed the application of PS Print, LLC and its successors and assigns (the “Applicants”) for the issuance of \$3,650,000 of tax-exempt bonds (the “Bonds”) and has found that said application complies with the provisions of the California Industrial Development Financing Act and has certified to the California Industrial Development Financing Advisory Commission (the “Commission”) that it has adopted a resolution declaring its intention to issue such Bonds and that the Issuer has held a public hearing regarding the issuance of the Bonds and has approved the issuance of the Bonds and has transmitted said application to the Commission and the information necessary to permit review by the Commission; and

WHEREAS, the Commission has reviewed the application and the material submitted with the application.

NOW, THEREFORE, the Commission resolves as follows;

Section 1. The Commission, based on its review of the application and the information submitted therewith, does determine that:

(a) the public benefits from the construction and use of the facility described in the application likely will substantially exceed any public detriment from the issuance of the bonds in the estimated principal amount of \$3,650,000; and

(b) the completion of the project described in the application and the operation of the facility described in the application is reasonably necessary to prevent the

relocation of substantial operations of the Applicant from an area within the State of California to an area outside of the State of California.

Section 2. The Commission conditionally finds that the proposed issuance of the bonds qualifies under the provisions of Article 5 of Title 10 of the Government Code, and further finds that:

(a) the bonds will be adequately secured and the funds available to the Applicant will apparently be sufficient to pay the principal of and interest on the bonds to be issued; and

(b) based on its review of the preliminary material submitted to it and as provided for under Government Code Section 91571, the proposed issuance will be fair, just and equitable to a purchaser of the bonds, and that the bonds proposed to be issued and the methods to be used by the Authority in issuing them will not be such as will work a fraud upon the purchaser thereof.

Section 3. The Commission determines that it is appropriate to the proposed transaction that the qualification of the proposed issuance be subject to the following conditions:

(a) that the final legal documents, when ready for execution, be submitted for review by Commission staff. Submitted documents shall include:

- (i) Indenture of Trust,
- (ii) Loan Agreement,
- (iii) Opinion of Bond Counsel
- (iv) Bond Resolution,
- (v) Other documents which, in the opinion of Commission staff, are necessary to the review of the transaction;

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(b) that the Commission staff determine that the final documents associated with the transaction have been developed in form and content substantially similar to the representations in the application on which the findings under Section 2. above are based;

(c) that the bonds, when issued, are within the maximum limitation of bonds authorized in the California Industrial Development Financing Act (Section 91573(a) of California Government Code);

(d) that the Commission receive all applicable fees prior to the issuance of the bonds or that bond documents indicate that such fees are to be paid from the proceeds of the bonds; and

(e) that the Applicant has agreed to comply with Section 91533(l) of the Government Code relating to the payment of prevailing wages.

Section 4. This Resolution shall cease to be effective if the above-described bonds have not been issued within six months after the date of adoption of this Resolution.

Section 5. In compliance with the provision of the California Industrial Development Financing Act (Section 91754 California Government Code), the qualification of the proposed bond issue by this resolution is permissive only, and does not constitute a recommendation or endorsement of the bonds so qualified by the Commission.